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P.O. BOX 944255
SACRAMENTO, CA 94244-2550

December 22, 2005

Mr. Ron Goldie
Attorney at Law
11968 Brentridge Drive
Los Angeles, CA 90049

RE: Proposed Sale of Sherman Oaks Hospital and Health Center

Dear Mr. Goldie:

The Attorney General hereby consents, pursuant to Corporations Code section 5914, to the sale of Sherman Oaks Hospital and Health Center to Prime A Investments, LLC and Prime Healthcare Services II, LLC, (both hereinafter referred to jointly as "Prime"), as set forth in the Notice filed on October 11, 2005. The Attorney General's consent is subject to the attached conditions, which are incorporated by reference herein.

The transaction approved by the Attorney General is set forth in the Acquisition Agreement dated September 21, 2005, executed by the parties. The Attorney General's consent is based upon the Application for Consent to Transfer Assets filed by Sherman Oaks Health System, which consists of three volumes, each volume dated September 30, 2005, October 1, 2005 and October 2, 2005, respectively. We also considered the healthcare impact report prepared by Medical Development Specialists, Inc. and written and oral comments provided to our office by members of the public or other government agencies.

Corporations Code section 5914 and section 999.5, subdivision (f), of title 11 of the California Code of Regulations set forth factors that the Attorney General must consider in determining whether to consent to a proposed transaction between a nonprofit corporation and a for-profit corporation or entity. The Attorney General has reached the following conclusions regarding these factors:

- (1) The terms and conditions of the proposed transaction are fair and reasonable to Sherman Oaks Health System.
- (2) The transaction will not result in private inurement to any private person or entity.
- (3) Sherman Oaks Health System and its affiliates exercised due diligence before making their decision to sell the facility to Prime. The proposed transaction is at fair market value.
- (4) The parties to the proposed transaction have not manipulated the market value of the property in a manner that causes the value of the assets to decrease.
- (5) The proceeds from the proposed transaction will be used for purposes consistent with the charitable purposes of Sherman Oaks Health System.
- (6) The proposed transaction will not have a significant anti-competitive effect on healthcare services in the relevant geographic market.
- (7) Sufficient information has been provided to the Attorney General for an adequate

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evaluation of the transaction and its effects on the public.

(8) The proposed transaction, as conditioned, will not have any immediate adverse effect on the availability or accessibility of health care services to the affected community.

(9) The proposed transaction, as conditioned, is in the public interest.

Thank you for your cooperation and that of your client and the purchaser throughout the review process.

Sincerely,

/s/ **JEFFERY M. OGATA**
Deputy Attorney General

For **BILL LOCKYER**
Attorney General

JMO:

Attachment

cc: Mailing List